



**Fiscal Estimate Narratives**  
**COMM 1/25/2010**

LRB Number <b>09-3888/1</b>	Introduction Number <b>AB-0641</b>	Estimate Type <b>Original</b>
<b>Description</b> A postsecondary education tax credit for businesses; increasing annual limits on angel investment tax credits; awarding grants to the WiSys Technology Foundation, Inc.; business plan competitions and an emerging technology center in the University of Wisconsin System; rural outsourcing grants; requiring the Department of Commerce to award grants to a high-technology business development corporation and grants for converting manufacturing facilities; increasing funding for certain economic development programs; a pilot program providing microloans for the creation of new businesses; increasing funding for certain technical college training program grants; providing an exemption from emergency rule procedures; granting rule-making authority; and making appropriations		

**Assumptions Used in Arriving at Fiscal Estimate**

The bill creates the following new programs within the Department of Commerce:

1. Rural Outsourcing Grants. During the 2009/11 biennium, the department may award grants to businesses for outsourcing work to rural municipalities. These grants may not exceed \$500,000 and may be made from the repayments appropriations for the Wisconsin Development Fund, Minority Business Development Fund, Gaming Economic Development and Diversification, and Rural Economic Development programs. Commerce may write rules to administer this program.
2. Grant to High-technology Business Development Corporation. The department shall award \$100,000 annually to the high-technology business development corporation (Wisconsin Technology Council) to fund a grant writer to assist businesses in applying for federal small business innovation research grants. The department shall also award in FY11 \$100,000 for procuring an economic development modelling database for the use of regional economic development entities.
3. Wisconsin Development Fund -- Grants for Underutilized Manufacturing Facilities. The department shall in fiscal year 2011 award grants from the WDF not exceeding \$2 million to businesses for converting existing underutilized manufacturing facilities to the production of renewable energy or the manufacturing of equipment used in the production of renewable energy. Commerce may write rules to administer this program.
4. Technology Transfer Grant and Loan Program. Commerce may award grants and loans to research institutions to provide money for research and development activities related to the creation or retention of jobs by a business, or to improve the competitive position of a business by improving the innovativeness of the business. The amount of a grant or loan under this section may not exceed \$100,000.
5. Wisconsin Development Fund -- Targeted Microloans. Commerce shall establish a pilot program for making loans of not more than \$25,000 at nominal interest rates for the creation of new businesses. Commerce must designate two areas of the state, one rural and one urban, that are affected by high unemployment, and must make the loans only in those areas. The department may not make awards under this section after July 31, 2013. Commerce must write rules to administer this program. Commerce is appropriated \$500,000 in FY11 for this program.

The bill makes the following changes to existing programs in the Department of Commerce:

1. Angel Credit Increase. The bill increases the amount available for claiming under the angel credit to \$6.5 million in calendar year 2010 (from \$5.5 million), and to \$20 million in calendar years following 2010 (from \$18 million).
2. Early Stage Seed Investment Tax Credit Increase. The bill increases the amount available for claiming under the credit to \$8 million in calendar year 2010 (from \$6 million), and to \$20.5 million in calendar years following 2010 (from \$18.5 million).
3. Pleasant Prairie Technology Incubator Center (PPTIC). Current law requires Commerce to award a

\$70,000 grant from the Wisconsin Development Fund to the PPTIC no later than July 31, 2011. The bill requires the grant to be made within 30 days of the effective date of the bill.

4. Regulatory Ombudsman. Create 1.0 FTE position in FY11 funded at \$75,000 for the regulatory ombudsman center.

The bill makes the following funding changes:

1. Wisconsin Development Fund -- FY10. The WDF is increased by \$500,000 GPR in FY10.
2. Wisconsin Development Fund -- FY11. The WDF is increased by \$2.5 million GPR in FY11.

On a combined basis, these new responsibilities and changes to programs will require an additional 1.0 FTE for administration. This position will develop rules and policies for the programs, develop and implement statutorily required performance measures for the programs, publicize the programs, work with businesses across the state to access the programs, review applications, recommend action on applications, negotiate and enter into contracts with successful applicants, supervise draws on contracts, and work with successful applicants in reporting results. The costs of this position will be as follows.

Salary \$44,900  
Fringe \$20,500  
Supplies \$ 8,000  
  
TOTAL \$73,400

#### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
None.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$65,400	\$
	(FTE Position Changes)	(1.0 FTE)	
	State Operations - Other Costs	8,000	
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$73,400</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR	73,400	
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
	NET CHANGE IN COSTS	\$73,400	\$
	NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>

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1/25/2010